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SHAUN L.W. SAMUELS,
Plaintiff,
v.
TRIVASCULAR CORPORATION, et al.,
Defendants.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

Case No. [13-cv-02261-EMC](#)

**ORDER DENYING DEFENDANTS'
MOTION FOR ATTORNEYS' FEES
UNDER 35 U.S.C. § 2285**

Docket No. 115

The above-referenced case is a patent case in which the technology at issue related to an inflatable stent. Plaintiff Shaun L.W. Samuels initiated the case in May 2013. *See* Docket No. 1 (complaint). In November 2015, the Court issued its claim construction order. *See* Docket No. 92 (order). Based on the Court's construction of certain terms, the parties stipulated to a judgment of noninfringement, *see* Docket Nos. 97-98 (stipulation and final judgment), and Dr. Samuels then appealed. *See* Docket No. 100 (notice of appeal). In December 2016, the Federal Circuit affirmed, without giving any analysis. *See* Docket No. 110 (order). Defendants TriVascular Inc. and its co-founders (three individual defendants) now move for attorneys' fees pursuant to 35 U.S.C. § 285. Defendants represent that they have incurred a total of \$1,109,213 in litigating the case to final judgment. *See* Mot. at 9; *see also* Dang Decl., Ex. 12 (chart reflecting hours incurred (1,591 hours total) and hourly rates (\$195-\$1,036 per hour)). In filing the motion, Defendants at this point seek only a determination of whether they are entitled to attorneys' fees and whether this case qualifies as an "exceptional" one. "Defendants shall submit billing records and documentation in support of [the] same following this Court's ruling on entitlement to fees." Mot. at 1 n.1.

Having considered the parties' briefs and accompanying submissions, as well as all other

1 evidence of record, the Court hereby finds that the matter may be resolved based on the papers
2 only. Accordingly, the hearing on Defendants' motion is **VACATED**. The fee motion is
3 **DENIED**.

4 **I. FACTUAL & PROCEDURAL BACKGROUND**

5 Below is a brief timeline of the relevant events:

- 6 • 5/17/2013: Dr. Samuels files the complaint against TriVascular only. Dr. Samuels
7 asserts infringement of the '575 patent.
- 8 • 8/5/2013. TriVascular files a petition for inter partes review. *See Docket No. 43*
9 (Status Rpt. ¶ 2).
- 10 • 8/28/2013: The parties stipulate to a stay of the case pending inter partes review.
11 *See Docket No. 32* (stipulation and order).
- 12 • 2/4/2014: The PTAB issues a decision to institute inter partes review of certain
13 claims of the '575 patent (claims 1, 2, and 4-24). *See Docket No. 43* (Status Rpt. ¶
14 3).
- 15 • 12/3/2014: The PTAB issues a final written decision, in which it finds that the
16 claims at issue are not unpatentable. *See Docket No. 43* (Status Rpt. ¶ 4). Because
17 of the PTAB decision, the stay of the instant case is lifted.
- 18 • 2/23/2015: The Court refers the case to private ADR. *See Docket No. 49* (order).
- 19 • 3/10/2015: The Court sets a claim construction hearing. *See Docket No. 52*
20 (minutes).
- 21 • 6/8/2015: Dr. Samuels moves to amend the complaint to add the three individual
22 defendants. *See Docket No. 60* (motion).
- 23 • 7/17/2015: The Court grants the motion to amend. *See Docket No. 66* (minutes).
- 24 • 8/13/2015: The parties stipulate to the filing of a second amended complaint
25 (Docket No. 76) (order).
- 26 • 11/3/2015: The Court holds the claim construction hearing. *See Docket No. 89*
27 (minutes).
- 28 • 11/12/2015: The Court issues its claim construction order. *See Docket No. 92*

1 (order).

- 2 • 12/17/2015: The parties stipulate to a final judgment of noninfringement. *See*
3 Docket No. 98 (final judgment).

4 The stipulation to a final judgment of noninfringement was based in part on the Court's
5 construction of the following term: "a valve integral with the inflatable cuff for permitting entry of
6 the inflation material from the means for injecting and thereafter sealing said cuff to prevent
7 deflation." *See* Docket No. 92 (Order at 11). The Court defined the term as follows: "a valve,
8 integral with the inflatable cuff, that has a movable part or parts (such as leaflets) that open to
9 permit entry of the inflation material and thereafter close to seal the cuff to prevent deflation."
10 Docket No. 92 (Order at 11).

11 The Court noted that the dispute between the parties regarding the term was

12 whether a valve that permits entry and thereafter seals is a valve that
13 (1) has moveable parts that open and close (such as a mitre valve)
14 (TriVascular's position), or that (2) can be such a valve but that can
also be a valve without moveable parts, such as a breakaway valve
(Dr. Samuels's position).

15 Docket No. 92 (Order at 13). The Court endorsed TriVascular's position and rejected Dr.
16 Samuels's for the following reasons:

- 17 • The term requires that the valve actually seal the cuff after inflation; a breakaway valve
18 may seal *during* inflation but not after – "[w]ith a breakaway valve, the inflation tubing is
19 removed." Docket No. 92 (Order at 14).
- 20 • A hardening agent in the inflation material may do the actual sealing (such that the
21 breakaway valve may be removed), but the '575 patent contemplates that the inflation
22 material can be a fluid without any hardening agent. *See* Docket No. 92 (Order at 14).
23 "Dr. Samuels has failed to explain how a breakaway valve could do the sealing (after
24 inflation is completed) in a case where the fluid (inflation material) does not contain any
25 hardening agent without, e.g., a mitre valve." Docket No. 92 (Order at 14).
- 26 • The specification references a valve that seals being a valve that closes, which would
27 require moveable parts. *See* Docket No. 92 (Order at 15).
- 28 • Dependent claim 9, which references the valve having a breakaway design, "need not be

1 interpreted to mean that a breakaway valve is therefore a valve that seals after inflation, as
2 required by claim 1. It does not preclude a breakaway valve in addition to, e.g., a mitre
3 valve as shown in the drawings.” Docket No. 92 (Order at 15-16).

II. DISCUSSION

A. Legal Standard

In patent actions, “[t]he court in exceptional cases may award reasonable attorney fees to the prevailing party.” 35 U.S.C. § 285. In determining whether a case is exceptional, district courts are to use their discretion and consider the “totality of the circumstances” under a preponderance of the evidence standard. *See Octane Fitness, LLC v. Icon Health & Fitness*, 134 S. Ct. 1749, 1756, 1758 (2014). An exceptional case is “simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.” *Id.* at 1756. To be considered exceptional, conduct need not be “independently sanctionable.” *See id.* Nor is a finding of bad faith required; “a case presenting either subjective bad faith or exceptionally meritless claims” may warrant an award of fees. *Id.* at 1757.

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., No. 09-cv-05235-MMC, 2017 U.S. Dist. LEXIS 5561, at *15-16 (N.D. Cal. Jan. 13, 2017).

B. Substantive Strength of Party's Litigating Position and/or Manner in Which Case Litigated

Defendants argue that the instant case is an exceptional one because Dr. Samuels lacked a good faith basis to bring suit: a simple pre-suit investigation would have revealed that the accused product did not have a valve but rather simply used a hollow tube and a curable polymer that hardens. *See* Mot. at 3, 7. Defendants further argue that Dr. Samuels thereafter continued to litigate the case in bad faith; for example, he was given a copy of the accused product to review and he was able to take an early 30(b)(6) deposition, both of which should have shown to Dr. Samuels that the accused product did not, in fact, have a valve. Defendants also criticize Dr. Samuels for refusing to specify where in the accused product there was a valve and for adding the three individual defendants to the lawsuit some two years into the lawsuit.

Defendants' contentions are not persuasive. Defendants' basic position is that it was obvious that the accused product did not have a valve, but whether that was true or not would turn on how the Court construed the term "valve" – or more specifically, "valve integral with the

1 inflatable cuff for permitting entry of the inflation material from the means for injecting and
2 thereafter sealing said cuff to prevent deflation.” See Docket No. 92 (Order at 11). Compare, e.g.,
3 *Lumen View Tech. LLC v. Findthebest.com, Inc.*, 811 F.3d 479, 481-3 (Fed. Cir. 2016) (upholding
4 district court’s finding that the case was exceptional as “[t]he allegations of infringement were ill-
5 supported, particularly in light of the parties’ communications and the proposed claim
6 constructions, and thus the lawsuit appears to have been baseless[;][c]laim construction was
7 unnecessary before finding noninfringement in this case, especially because Lumen View
8 conceded that the claims require preference data from multiple parties,” and ““the most basic pre-
9 suit investigation would have shown that the accused AssistMe feature only used the preference
10 data of one party”). Even though the Court ultimately agreed with Defendants, i.e., that such a
11 valve must have moveable parts, Defendants have not established that Dr. Samuels’s position to
12 the contrary, i.e., that such a valve need not have moveable parts but could be, e.g., a breakaway
13 valve, was frivolous or even borderline so. The Court finds that, while Dr. Samuels’s position was
14 not substantiated (for the reasons stated above), it was not frivolous. See *Vasudevan Software,*
15 *Inc. v. Microstrategy, Inc.*, No. 11-cv-06637-RS, 2015 U.S. Dist. LEXIS 110522, at *16 (N.D.
16 Cal. Aug. 19, 2015) (indicating that “merely taking an aggressive stance while positing stretched
17 or unsuccessful infringement theories does not, without more, warrant fee-shifting”); *Aylus*
18 *Networks v. Apple Inc.*, No. 13-cv-04700-EMC, 2016 U.S. Dist. LEXIS 44066, at *22-23 (N.D.
19 Cal. Mar. 30, 2016) (noting that argument was weak but “not completely frivolous” and therefore
20 the case was not exceptional; citing cases where the court did not find exceptionality, even though
21 “the plaintiff’s erroneous claim construction was based on a misinterpretation of Federal Circuit
22 case law, and the plaintiff’s failure to include the Table of Files in its proposed construction
23 ‘strains credibility’” and even though “the court had found in three instances that the plaintiff’s
24 proposed claim constructions were inconsistent with the specification and prosecution history and
25 where the plaintiff relied on expert testimony that was excluded under *Daubert*”).

26 Moreover, Dr. Samuels fairly points out that, if it were so obvious that there was no
27 infringement (on the basis that the accused product did not have a valve), Defendants could have
28 bypassed inter partes review and sought an early claim construction ruling. In reply, Defendants

1 argue that it was not unreasonable for it to pursue inter partes review because that process “takes
2 only 18 months from filing of a petition to resolution in a final written decision, and typically
3 requires only two major filings by each party” – *i.e.*, the “process had the potential to short-circuit
4 this case.” Reply at 2. Defendants add that “plenty of ‘rational defendants’ have filed *Inter Partes*
5 Review petitions on claims they believed did not infringe.” Reply at 2. While Defendants’
6 position is not without any merit, the bottom line is that the more Defendants argue that the lack of
7 a valve was obvious (thus making Dr. Samuels’ litigation position frivolous), then it becomes
8 harder to understand why Defendants chose to initiate the IPR process (which could *add* to the
9 length of the proceedings between the parties as there was no guarantee that IPR would be
10 resolved in their favor) rather than proceeding with what they perceived would be a slam dunk
11 victory on the merits in district court.

12 Dr. Samuels also fairly explains why the three individual defendants were not brought into
13 the case until some two years into the lawsuit – *i.e.*, because for a significant period of time the
14 case was stayed (while inter partes review was ongoing). *Compare, e.g., Oplus Techs., Ltd. v.*
15 *Vizio, Inc.*, 782 F.3d 1371, 1374-75 (Fed. Cir. 2015) (noting that “[t]he district court opinion
16 details an egregious pattern of misconduct” and “[e]ven Oplus’s counsel ‘agree[s] that [the
17 misconduct was] quite severe’”; for example, “the district court found counsel’s behavior
18 ‘inappropriate,’ ‘unprofessional,’ ‘vexatious,’ and ‘harassing’” and that “Oplus’s litigation
19 positions, expert positions, and infringement contentions were a constantly moving target” and
20 that Oplus had pursued an “‘abusive discovery strategy’”).

21 At the end of the day, Defendants have failed to show that the instant case is any different
22 from *Aylus* where this Court declined to award fees under § 285. *See Aylus*, 2016 U.S. Dist.
23 LEXIS 44066, at *24 (“Here, Apple does not contend that Aylus engaged in any egregious
24 behavior beyond relying on a claim construction that the Court ultimately rejected. There is no
25 evidence (or even an allegation) of improper motivation or bad faith, and no need to deter Aylus
26 from future litigation. Thus, the absence of egregious behavior, while not dispositive, also weighs
27 against awarding fees in this case.”).

28 As a last ditch effort, Defendants argue – for the first time in reply – that Dr. Samuels

1 continues to prolong this case unnecessarily by refusing to stipulate to dismissal of Trivascular’s
2 counterclaims (for a declaration of invalidity of the ‘575 patent, breach of agreements, and
3 promissory estoppel) without prejudice. *See* Reply at 5. Previously, the parties agreed that
4 Trivascular’s counterclaims would be stayed pending Dr. Samuels’s appeal of the judgment of
5 noninfringement to the Federal Circuit. *See* Docket No. 98 (Stip. ¶ 16) (adding that “[t]he stay
6 shall be lifted after the appellate court’s issuance of the mandate regarding [Dr.] Samuels’s appeal
7 of the Court’s judgment”). Defendants argue that, because Dr. Samuels is refusing to stipulate to
8 dismissal of the counterclaims, Trivascular will now “be forced to separately file a motion for
9 dismissal of its counterclaims without prejudice, and [Dr.] Samuels’ behavior on this front merely
10 extends his bad faith prolonging of this suit.” Reply at 5.

11 The Court declines to issue fees based on this last-minute argument. First, it was not
12 raised until reply. Second, Dr. Samuels has agreed to a dismissal of the counterclaims without
13 prejudice. *See* Pl.’s Obj. at 3. Third, nothing indicates that the dispute over the dismissal of the
14 counterclaims was so prolonged that fees should be awarded.

15 **III. CONCLUSION**

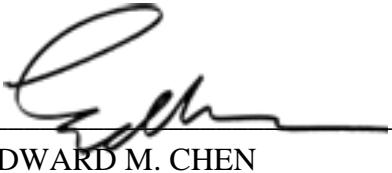
16 Accordingly, Defendants’ motion for fees is denied.

17 In addition, the parties are ordered to jointly file a stipulation of dismissal (without
18 prejudice) with respect to the counterclaims. Because the stipulation should resolve all
19 outstanding matters, the parties shall also file a stipulated final judgment for the undersigned’s
20 signature. **Both stipulations shall be filed within a week of the date of this order.**

21 This order disposes of Docket No. 115.

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23 **IT IS SO ORDERED.**

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25 Dated: February 22, 2017



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28 EDWARD M. CHEN
United States District Judge